
DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **DEC 07 2011**



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DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Delgado Community College Foundation, Inc.
New Orleans, Louisiana

We have audited the accompanying statements of financial position of the Delgado Community College Foundation, Inc. (a nonprofit organization) (the Foundation) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delgado Community College Foundation, Inc. at June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Postlethwaite & Netterville

Metairie, Louisiana
October 3, 2011

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:			
Cash and cash equivalents	\$	165,098	\$ 141,238
Cash and cash equivalents, restricted		490,127	468,314
Pledges receivable, net of discount		87,970	90,876
Lease receivable - Student Life Center		105,000	100,000
Investments - (Note 4)		1,526,150	1,298,086
Investments - Restricted		365,507	-
Prepaid expenses		3,844	3,879
Total current assets		<u>2,743,696</u>	<u>2,102,393</u>
Non-current assets:			
Investments - (Note 4)		34,300	-
Investments - Restricted		-	350,310
Bond issuance costs, net		238,875	251,925
Lease receivable - Student Life Center		3,160,079	3,265,079
Total non-current assets		<u>3,433,254</u>	<u>3,867,314</u>
Total Assets	\$	<u>6,176,950</u>	<u>\$ 5,969,707</u>

LIABILITIES AND NET ASSETS

Current liabilities:			
Accounts payable	\$	20,050	\$ 15,643
Bonds payable, net of discount of \$4,631 for 2011 and 2011		100,369	95,369
Due to Alumni Association		23,188	32,681
Accrued interest payable		52,369	53,806
Total current liabilities		<u>195,976</u>	<u>197,499</u>
Long-term liabilities:			
Bonds payable, net of discount of \$84,897 and \$89,528 for 2011 and 2010, respectively		3,319,734	3,420,103
Due to Delgado, net		396,988	409,878
Total long-term liabilities		<u>3,716,722</u>	<u>3,829,981</u>
Total liabilities		<u>3,912,698</u>	<u>4,027,480</u>
Net assets:			
Unrestricted		152,936	120,763
Temporarily restricted		2,070,916	1,782,064
Permanently restricted		40,400	39,400
Total net assets		<u>2,264,252</u>	<u>1,942,227</u>
Total Liabilities and Net Assets	\$	<u>6,176,950</u>	<u>\$ 5,969,707</u>

The accompanying notes are an integral part of these statements.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 6,056	\$ 141,903	\$ 1,000	\$ 148,959
Fundraising revenues	135,081	-	-	135,081
Lease rental revenue	-	237,097	-	237,097
Donated services and facilities	33,922	-	-	33,922
Dividends and interest	1,691	42,638	-	44,329
Realized gain on investments	-	28,528	-	28,528
Unrealized gain on investments	-	158,949	-	158,949
Total support and revenues	176,750	609,115	1,000	786,865
Net assets released from restriction	320,263	(320,263)	-	-
Total support, revenues and other support	497,013	288,852	1,000	786,865
Expenses:				
Fundraising expenses	12,217	-	-	12,217
Scholarships	33,524	-	-	33,524
Other college support	128,903	-	-	128,903
Management and general expenses	74,652	-	-	74,652
Interest expense	215,544	-	-	215,544
Total expenses	464,840	-	-	464,840
Changes in net assets	32,173	288,852	1,000	322,025
Net assets				
Beginning of the year	120,763	1,782,064	39,400	1,942,227
End of the year	\$ 152,936	\$ 2,070,916	\$ 40,400	\$ 2,264,252

(continued)

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 32,043	\$ 108,082	\$ 1,000	\$ 141,125
Fundraising revenues	80,249	-	-	80,249
Lease rental revenue	-	239,305	-	239,305
Donated services and facilities	60,342	-	-	60,342
Dividends and interest	8,559	38,492	-	47,051
Realized gain on investments	-	5,622	-	5,622
Unrealized gain on investments	-	92,954	-	92,954
Total support and revenues	181,193	484,455	1,000	666,648
Net assets released from restriction	320,829	(320,829)	-	-
Total support, revenues and other support	502,022	163,626	1,000	666,648
Expenses:				
Fundraising expenses	15,222	-	-	15,222
Scholarships	6,326	-	-	6,326
Other college support	185,559	-	-	185,559
Management and general expenses	54,723	-	-	54,723
Interest expense	221,222	-	-	221,222
Total expenses	483,052	-	-	483,052
Changes in net assets	18,970	163,626	1,000	183,596
Net assets				
Beginning of the year	101,793	1,618,438	38,400	1,758,631
End of the year	\$ 120,763	\$ 1,782,064	\$ 39,400	\$ 1,942,227

The accompanying notes are an integral part of these statements.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2011</u>	<u>2010</u>
Change in net assets	\$ 322,025	\$ 183,596
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of bond discount and bond issuance costs	17,681	17,681
Unrealized gain on investments	(187,477)	(101,142)
Changes in operating assets and liabilities:		
Pledges receivable, net of discount accretion	2,906	11,448
Prepaid expenses	35	(1227)
Accounts payable	4,407	(1062)
Accrued interest payable	(1,437)	(1,366)
Net cash provided by operating activities	<u>158,140</u>	<u>107,928</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of investments	(447,019)	(14,511)
Proceeds from sales of investments	356,935	-
Net cash provided by (used in) investing activities	<u>(90,084)</u>	<u>(14,511)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Bond principal payments	(100,000)	(95,000)
Receipts on lease receivable	100,000	95,000
Payments due to Delgado Community College	(12,890)	33,638
Payments due to Delgado Alumni Association	(9,493)	16,818
Net cash provided by (used in) financing activities	<u>(22,383)</u>	<u>50,456</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS:</u>	<u>45,673</u>	<u>143,873</u>
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of the year	<u>609,552</u>	<u>465,679</u>
End of the year	<u>\$ 655,225</u>	<u>\$ 609,552</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS:</u>		
Cash and cash equivalents, unrestricted	\$ 165,098	\$ 141,238
Cash and cash equivalents, restricted	490,127	468,314
Total	<u>\$ 655,225</u>	<u>\$ 609,552</u>
<u>DISCLOSURE OF NON-CASH ITEMS:</u>		
In-kind donations to the Foundation	<u>\$ 33,922</u>	<u>\$ 60,342</u>
<u>OTHER DISCLOSURES:</u>		
Interest paid	<u>\$ 212,350</u>	<u>\$ 222,588</u>

The accompanying notes are an integral part of these statements.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

The Delgado Community College Foundation, Inc. (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana on June 1, 1988 to:

- Promote the educational and cultural welfare of the Delgado Community College (Delgado) and develop, expand, and improve Delgado's facilities to provide broader educational advantages and opportunities, encourage research, and increase Delgado's usefulness;
- Assist any student to continue his or her studies within Delgado; aid and facilitate any line of work or research in the areas embraced in the objects and purposes of Delgado; and generally, interpret the aims, objectives, and needs of Delgado to the public with a view to better mutual understanding and progress; and
- Solicit and accept grants and bequests, including funds of all kinds, to provide scholarships and activities in research, or such other designated benefits for Delgado, its facilities, and students.

The Foundation is governed by a Board of Directors. Prior to the organization of the Foundation, the Delgado Community College Development Foundation (the Development Foundation) represented the support organization for Delgado.

2. Summary of Significant Accounting Policies

Basis of presentation

The accounts of the Foundation are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Net assets are available for the following purposes:

Unrestricted Net Assets – This fund is used to account for unrestricted revenues and expenditures.

The Foundation records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Temporarily Restricted Net Assets include the following:

Challenge Grant Endowment – This fund is used to account for a grant received from the U.S. Department of Education which is being administered by the Foundation.

Restricted Capital Development – This fund is used to account for contributions to the Foundation whose use has been restricted by donors for capital improvements.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

TAP Scholarship - This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of Tuition Assistance Program Scholarships to low and moderate income students that do not qualify for federal or state financial aid.

Department and Site Restricted Funds - Formerly known as the Delgado Recovery Fund, this fund is used to account for contributions to the Foundation whose use has been restricted by donors to assist the college to recover from the effects of Hurricane Katrina and for funds restricted by donors or raised for specific departments or sites.

Student Assistance Fund - Formerly known as the Katrina Student Victims Fund, this fund is used to account for contributions to the Foundation whose use has been restricted by donors for assistance to students affected by Hurricane Katrina and other funds restricted by donors for students.

Ashton Ryan Endowed Professorship - This fund is used to account for contributions to the Foundation to establish the Ashton Ryan Endowed Professorship. Mr. Ryan has pledged \$60,000 to the Foundation and once the matching \$40,000 is obtained from the State, the proceeds will be turned over to the Delgado Community College.

Joseph J. Krebs, Jr. Endowed Professorship - This fund is used to account for contributions to the Foundation to establish the Joseph J. Krebs, Jr. Professorship. The Foundation expects to collect private pledges totaling \$60,000 over the next five years, and once the matching \$40,000 is obtained from the State, the proceeds will be turned over to the Delgado Community College.

Other Foundation Scholarships - This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of scholarships in someone's name. The majority of the balance is for scholarships in the name of Seymour Wiess.

Adopt-a-Professor - This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of obtaining endowed professorships. Once specified levels of donations are obtained, the funds are transferred to the Delgado Community College to be used in the endowment program.

Baseball Program - This fund is used to account for contributions to the Foundation whose use has been restricted by donors for assistance to the Baseball program and to renovate the Kirsch-Rooney Baseball Stadium.

Permanently Restricted Net Assets include the following:

Overture Endowment Net Assets - An endowment scholarship fund was established by the Foundation in accordance with the gift instruments from the Overture to the Cultural Arts. The corpus is permanently restricted; however, the interest income generated from the corpus is temporarily restricted.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

For the purpose of the cash flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Amortization of the bond discount and bond issuance costs

Both the Bond Discount and the Bond Issuance Costs are being amortized over the life of the bonds (30 years), utilizing a method which approximates the interest method. Bond discount accretion of \$4,631 is included as a component of management and general expenses within the accompanying statements of activities. Amortized bond costs of \$13,050 were recorded in interest expense for the years ended June 30, 2011 and 2010.

Contributions and revenue recognition

Contributions and pledges received are recognized as revenues in the period received at their fair values, and contributions and pledges made are recognized as expenses in the period made at their fair values.

The Foundation records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Investments and investment income

Investments are reported at fair value, with the related gains and losses included in the statement of activities. Income earned from investments, including realized and unrealized gains and losses, is reported in the unrestricted net asset class except where the instructions of the donor specify otherwise.

Income taxes

The Foundation is a nonprofit corporation organized under the laws of the State of Louisiana. The Foundation is exempt from State and Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

In July 2006, the Financial Accounting Standards Board ("FASB") issued Accounting for Uncertainty in Income Taxes, which clarifies the accounting and disclosure for uncertain tax positions. This interpretation requires companies to use a prescribed model for assessing the financial statement recognition and measurement of all tax positions taken or expected to be taken in tax returns. The Foundation applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Income taxes (continued)

As a result of implementing this approach, the Foundation has reviewed its tax positions and determined there were no outstanding or retrospective tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities; therefore, implementation of this standard has not had a material effect on the Foundation.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Net Assets

Unrestricted net assets

Assets and liabilities at June 30 that comprise unrestricted net assets consist of the following:

Assets:	2011	2010
Cash and cash equivalents	\$ 165,098	\$ 141,238
Pledges receivable	22,600	21,877
Prepaid expenses	3,844	3,879
Liabilities:		
Accounts payable	(15,418)	(13,550)
Due to Alumni Association	(23,188)	(32,681)
	<u>\$ 152,936</u>	<u>\$ 120,763</u>

Permanently restricted net assets

Permanently restricted net assets of \$40,400 at June 30, 2011 consist of \$6,100 of cash and cash equivalents and \$34,300 of non-current investment and endowment funds.

Permanently restricted net assets of \$39,400 at June 30, 2010 consist of \$5,100 of cash and cash equivalents and \$34,300 of non-current investment and endowment funds.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Net Assets (continued)

Temporarily restricted net assets

The remaining assets and liabilities presented on the Statements of Financial Position at June 30, 2011 and 2010 comprise temporarily restricted net assets. Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2011</u>	<u>2010</u>
TAP Scholarship Fund	\$ 333,695	\$ 287,575
Other Foundation Scholarship Fund	114,834	108,400
Department and Site Restricted Fund	219,575	171,843
Student Assistance Fund	84,777	84,677
Baseball Program	44,597	16,640
Challenge Grant Endowment Fund	555,130	486,978
Restricted Capital Development Fund	534,968	456,507
Ashton Ryan Endowed Professorship	60,000	60,000
Joseph J. Krebs, Jr. Endowed Professorship	57,826	57,662
Adopt-a-Professor Fund	25,600	21,845
Overture Endowment	39,914	29,937
	<u>\$ 2,070,916</u>	<u>\$ 1,782,064</u>

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Investments

As of June 30, the investments of the Foundation consist of the following:

2011	Fair Value		
Description	Trust Funds	Student Life Center	Total Investments
Equity securities mutual fund	\$ 881,492	\$ -	\$ 881,492
Fixed income mutual fund	677,108	-	677,108
Money market fund	1,850	365,507	367,357
Total	<u>\$ 1,560,450</u>	<u>\$ 365,507</u>	<u>\$ 1,925,957</u>
Current assets	\$ 1,526,150	\$ 365,507	\$ 1,891,657
Long-term assets	34,300	-	34,300
Total	<u>\$ 1,560,450</u>	<u>\$ 365,507</u>	<u>\$ 1,925,957</u>

2010	Fair Value		
Description	Trust Funds	Student Life Center	Total Investments
Equity securities mutual fund	\$ 651,189	\$ -	\$ 651,189
Fixed income mutual fund	684,522	-	684,522
U.S. Treasury obligations	-	310,910	310,910
Money market fund	1,775	-	1,775
Total	<u>\$ 1,337,486</u>	<u>\$ 310,910</u>	<u>\$ 1,648,396</u>
Current assets	\$ 1,298,086	\$ -	\$ 1,298,086
Long-term assets	39,400	310,910	350,310
Total	<u>\$ 1,337,486</u>	<u>\$ 310,910</u>	<u>\$ 1,648,396</u>

Unrealized gain (loss) on investments totaled \$164,858 and \$92,954 for the years ended June 30, 2011 and 2010, respectively.

5. Student Life Center

During 1999, the Board of Directors approved a plan which resulted in the Foundation providing a structure for financing the design and construction of a Student Life Center on the Delgado campus. The transaction was structured as described below.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Student Life Center (continued)

The Board of Trustees for State Colleges and Universities (the "Board of Trustees") entered into a ground lease agreement with the Foundation for the site on which the proposed Student Life Center (the "Facility") was to be constructed. The Foundation selected a developer, entered into a design and construction contract with that developer, and the developer commenced construction of the Facility on the land leased to the Foundation by the Board of Trustees during fiscal 2000.

Title to the Facility itself (but not the underlying land) is held by the Foundation. The Foundation has agreed to lease the Facility to Delgado pursuant to a Facility Lease Agreement. The Facility Lease Agreement requires Delgado to pay rent in an amount sufficient to cover the operating costs of the Facility and the debt of service on the bonds issued on behalf of the Foundation (see discussion below) to fund the construction of the Facility. The Facility Lease Agreement has a 30 year term, and it includes a provision which transfers the title of the Facility to Delgado at the end of its term.

The Foundation itself does not have the authority to be the issuer of the tax-exempt bonds (the "Bonds"). Therefore, a separate entity which is qualified to issue tax-exempt bonds was the issuer of the Bonds. That issuer entered into a loan agreement with the Foundation pursuant to which the issuer loaned the proceeds of its bonds to the Foundation to pay for construction of the Facility, and the Foundation expects to repay the issuer with the rental proceeds it receives from Delgado under the Facility Lease Agreement. Approximately, \$237,098 and \$239,305 of such proceeds received during fiscal 2011 and 2010, respectively have been recorded as lease rental revenue representing amounts attributable to bond debt service and other related costs of the Facility, net of investment earnings generated from the required reserves provided by the bond issuance.

The estimated cost of the project was \$4,350,000, and the completion date was June 2001. The 30 year Bonds were issued November 1, 1999 with interest rates ranging from 4.0% to 6.0%. Bond proceeds were \$4,256,075, net of a bond discount of \$138,925. Bond issuance costs were \$139,512. Bond debt service and other related Facility costs are to be funded through a special student assessment fee for Delgado's City Park Campus students only, assessed at the levels of \$15 per student for the fall and spring semesters and \$5 per student for the summer semester.

The transaction was approved by the Board of Trustees, the Louisiana State Bond Commission, and the City of New Orleans.

The Facility's lease to Delgado is considered a sales-type lease for reporting purposes, therefore the asset associated with the Facility is carried as a lease receivable net of unearned future lease income of approximately \$4 million. The lease receivable will be reduced over time as Delgado remits bond principal payment reimbursements to the Foundation.

As of June 30, 2011, Delgado had cumulatively remitted \$3,990,051 to the Foundation to cover the bond debt service and other related costs of the Facility. Of this amount, \$2,702,309 has been recognized as lease rental revenue, \$890,000 has been recognized as a reduction of the Student Life Center lease receivable, and the remaining balance is carried as deferred revenue (shown as due to Delgado, net) as of June 30, 2011.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Student Life Center (continued)

The Indenture agreement in connection with the Bonds created various funds to ensure payment of the Bonds. These funds amounted to \$365,507 and \$350,210, as of June 30, 2011 and 2010, respectively. These amounts are recorded as Investments – restricted on the accompanying statements of financial position.

6. Long-Term Debt

As described in note 5, at June 30 the long-term debt consists of the following:

Revenue bonds:	2011	2010
\$4,395,000 1999 Serial bonds due in annual installments of \$105,000 to \$295,000 through October 2029 at interest rates of 4%-6%	\$ 3,505,000	\$ 3,605,000
Less bond discount	84,897	89,528
	3,420,103	3,515,472
Less current maturities	100,369	95,369
	<u>\$ 3,319,734</u>	<u>\$ 3,420,103</u>

Annual aggregate principal payments and related bond discount applicable to the bond payable for years subsequent to June 30, 2011 are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Discount</u>	<u>Total</u>
2012	\$ 105,000	\$ (4,631)	\$ 100,369
2013	110,000	(4,631)	105,369
2014	115,000	(4,631)	110,369
2015	125,000	(4,631)	120,369
2016	130,000	(4,631)	125,369
Thereafter	2,920,000	(61,742)	2,858,258
	<u>\$ 3,505,000</u>	<u>\$ (84,897)</u>	<u>\$ 3,420,103</u>

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Pledges Receivable

At June 30, pledges receivable consist of the following:

	2011	2010
Annual giving campaign	\$ 2,155	\$ 6,216
Roast pledges	23,030	20,075
Joseph J. Krebs, Jr. Endowed Professorship	6,000	6,000
Ashton Ryan Endowed Professorship	60,000	60,000
Gross pledges receivable	91,185	92,291
Less unamortized discount	(3,215)	(1,415)
Net pledges receivable	<u>\$ 87,970</u>	<u>\$ 90,876</u>

8. Related Parties

Delgado Community College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately \$60,342 in both fiscal years 2011 and 2010.

Contributions recognized from Foundation Board members and employees of the College included in pledges receivable at June 30, 2011 and 2010 amounted to \$69,205 and \$71,990, respectively.

9. Concentrations of Credit Risk

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana. As of June 30, 2011, the Foundation's deposits were covered by the U.S. Federal Deposit Insurance Corporation (FDIC).

Approximately 62% of the pledges receivable at June 30, 2011 is from one donor and 3% from another donor. At June 30, 2010, approximately 66% of the pledges receivable were from one donor and 5% from another donor.

THE DELGADO COMMUNITY FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. Fair Value of Financial Instruments

The FASB authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

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10. Fair Value of Financial Instruments (continued)

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30 by Fair Value Measurements valuation hierarchy:

2011				
	Level 1	Level 2	Level 3	Total
Equity				
Small Cap equity funds	\$ 156,383	\$ -	\$ -	\$ 156,383
Large Cap equity funds	725,109	-	-	725,109
Total Equity	881,492			881,492
Fixed Income				
Vanguard Total Market Index	677,108	-	-	677,108
Money Market	367,357	-	-	367,357
Total	<u>\$ 1,925,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,925,957</u>
2010				
	Level 1	Level 2	Level 3	Total
Equity				
Large Cap equity funds	\$ 496,633	\$ -	\$ -	\$ 496,633
International equity funds	154,556	-	-	154,556
Total Equity	651,189	-	-	651,189
Fixed Income				
Vanguard Total Market Index	684,522	-	-	684,522
U.S. Treasury obligations	310,910	-	-	310,910
Money Market	1,775	-	-	1,775
Total	<u>\$ 963,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963,874</u>

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11. Endowments

The Board of the Foundation believes it has a strong fiduciary duty to manage the assets of the Foundation's endowment in the most prudent manner possible. The Board recognizes its responsibility to protect donor intent with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If not expressed, the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions, and preservation of the fund. To follow these principals, the historic value of the fund is always maintained in temporarily or permanently restricted net assets. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in temporarily restricted net assets until spent for their intended purpose.

The goals and objectives of the investment policies are to maximize total returns within prudent parameters of risk for a Foundation of this type. The Board understands that fluctuating rates of return are characteristic of the securities markets. The Foundation's investment objective is to protect and grow the Foundation's assets, after approved distributions, at a rate greater than the rate of inflation as measured by the U.S. CPI.

The table below represents the endowment related activity for the fiscal year ending June 30, 2011:

	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 29,937</u>	<u>\$ 39,400</u>	<u>\$ 69,337</u>
Investment return:			
Investment income	1,558	-	1,558
Net appreciation (realized and unrealized)	<u>8,419</u>	<u>-</u>	<u>8,419</u>
Total investment return	<u>9,977</u>	<u>-</u>	<u>9,977</u>
Contributions	-	1,000	1,000
Endowment net assets, end of year	<u><u>\$ 39,914</u></u>	<u><u>\$ 40,400</u></u>	<u><u>\$ 80,314</u></u>

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12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 3, 2011, and determined the following item requires disclosure.

On September 28, 2011, the Foundation refinanced the 1999 bonds. The new 2011 bonds will be used to pay off the remaining 1999 bonds at a reduced interest rate.